

Maine Department of Professional and Financial Regulation

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Office of Securities and Bureau of Financial Institutions

FOR IMMEDIATE RELEASE
August 30, 2012

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State Agencies Issue Investor Alert: Alleged \$600 Million Internet Ponzi Scheme By ZeekRewards.com and Related Companies Halted By Federal District Court

Maine's Office of Securities and Bureau of Financial Institutions Offer Assistance and Provide Information to Maine Investors of ZeekRewards

GARDINER – Maine's Office of Securities and Bureau of Financial Institutions today alerted consumers that federal regulators recently took action to stop an alleged massive online "profit sharing" Ponzi scheme that appears to have attracted Maine investors. The site, *ZeekRewards.com*, was placed into receivership and had its assets frozen by a North Carolina District Court on August 17 following an action by the U.S. Securities and Exchange Commission (SEC) for securities fraud against the site, as well as a related entity, Rex Venture Group, LLC, and internet marketer Paul R. Burks of Lexington, N.C.

According to the SEC's complaint, ZeekRewards and defendants raised \$600 million dollars from more than one million internet customers and investors nationwide and overseas through the website, ZeekRewards.com, which began operating in January, 2011. Customers were offered several ways to earn money through the ZeekRewards profit-sharing program, which the SEC alleges was marketed in violation of federal law. ZeekRewards operated a classic Ponzi scheme by paying the first wave of investors with new funds solicited from subsequent investors using false and misleading statements.

"Some Maine financial institutions reported receiving requests for assistance from customers who invested in ZeekRewards.com, so, unfortunately, we have good reason to believe there may be a number of Maine victims of this scheme," said Bureau Superintendent Lloyd LaFountain III. LaFountain encouraged anyone who purchased an interest or otherwise invested in ZeekRewards through a monthly subscription or other recurring payment plan administered by their financial institution to contact the institution immediately to make sure future payments are not deducted from the customer's account.

The receiver in this case has identified \$225 million in investor funds in 15 foreign and domestic financial institutions, but is still currently identifying assets and victims of the scheme. Securities Administrator Judith M. Shaw urged investors to stay abreast of developments by monitoring the receiver's website: www.zeekrewardsreceivership.com. Shaw pointed to another resource for investors, an SEC site to keep investors apprised of updates, www.sec.gov/divisions/enforce/claims/zekerewards.htm.

"Scam artists rely on the internet as a reliable forum for perpetuating fraud," noted Shaw. "The fact that this scheme reportedly pulled in over one million investors worldwide underscores the importance of thoroughly investigating any kind of profit-making venture before investing, regardless of how the venture is styled or presented. The Office of Securities stands ready to assist all Maine citizens with objective information so that investors can make informed investment decisions."

The Office of Securities and Bureau of Financial Institutions are part of Maine's Department of Professional and Financial Regulation, which encourages sound ethical business practices through the regulation of insurers, financial institutions, creditors, investment providers, and numerous professions and occupations for the purpose of protecting the citizens of Maine. Consumers can learn more about the Department online at www.maine.gov/pfr.

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